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Annual Administration Report on the working of the Bombay Moneylenders Act 1946 for the year 1961–62

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CHAPTER—I

Administration

The Bombay Money Lenders Act, 1946 as amended by the Bombay Money Lenders (Unification and Amendment) Act, 1959 was in force in all the 26 Districts of the Maharashtra State during the period under report. This was the 15th year of operation of the said Act, in the 13 Districts, now forming part of the Maharashtra State. It was, however, the 3rd year of operation of the Act in the 13 Districts of Vidarbha and Marathwada areas

A—*Registrar General of Moneylenders*:

2. The responsibility for the over all supervision, control and general administration of the Bombay Moneylenders Act, 1946, devolved on the Registrar General of Moneylenders. After reorganisation of the Co-operative Department in February 1961, the following officers held charge of Registrar General of Moneylenders during the year under report:—

1. Shri N. D. Vaidya, 1st August 1961 to 9th May 1962.
2. Shri D. A. Ambekar, 10th May 1962 to 31st July 1962.

The structure of the establishment for administration of the Bombay Moneylenders Act sanctioned in the new set-up is continued as follows:—

Registrar General of Moneylenders and
Joint Registrar of Co-operative Societies (ADM),
Maharashtra State, Poona.

Registrar of Meneylenders,
(At the divisional level Joint Registrars of Co-operative Societies),

Registrars of Moneylenders,
(At the District level District Deputy Registrars of Co-operative Societies).

Assistant Registrars of Moneylenders,
(Assistant Registrars of Co-operative Societies).

Co-operative Officers and Assistant Co-operative Officers (entrusted with the duties performed by Ex-Inspectors of Moneylenders).

Thus in the new set-up of the Co-operative Department, the responsibility for general administration of the Bombay Moneylenders Act rests with the Joint Registrar, Cooperative Societies (ADM), by virtue of his appointment as Registrar General of Moneylenders. The Divisional Joint Registrars of Co-operative Societies who are responsible for the overall supervision, control and general administration of the Co-operative Department in the Districts comprised in their respective divisions, have been appointed as the Registrars of Moneylenders for the area under their control. The District Deputy Registrars of Co-operative Societies are also the Registrars of Moneylenders for their respective Districts. The Assistant Registrars of Co-operative Societies working under the control of the District Deputy Registrars are in addition to Assistant Registrars of Moneylenders. The Co-operative Officers in the grade of Rs. 195-10-245 and Asstt. Co-operative Officers in the grade of Rs. 145-8-185 have been delegated with the powers under section 13-A of the Act since they are required to perform the duties entrusted to the Inspectors of Moneylenders before the revised set-up was introduced in February, 1961.

Thus the gazetted and non-gazetted staff of the Co-operative Department deals with control and regulation of rural and urban credit both under the Co-operative as well as private sectors which are closely interlinked with each other. Such a coordination has, it is hoped, will enable the Department to devise ways and means of eliminating the sway of private moneylenders and end exploitation of the needy borrowers throughout the State by private moneylenders to some extent.

CHAPTER—II

Operation of the Act

Grant of Licence:

During the period under report, 10280 applications both for grant and renewal of licences were received, out of which 1077 applications were for fresh grant and 9203 for renewal, as against which 984 licences were issued for the first time, while 8,826 licences were renewed. After considering the cases in which the applications were filed, withdrawn or refused, the total number of applications for licences disposed of during the year under report came to 10141, leaving a balance of 139 applications pending for disposal at the close of the said licensing year. The reasons for pendancy of applications for licences may be enumerated broadly as under:—

(1) A detailed inspection of accounts of moneylenders could not be completed in complicated cases for one reason or the other.

(2) Some of the moneylenders in the interior parts of the Districts were not available for enquiries at the time of visits of the officers of the Co-operative Department there.

(3) Even though the Bombay Moneylenders (Unification and Amendment) Act, 1959 was extended to the Vidarbha and Marathawada areas with effect from 1st February 1960, the registration certificates/licences already issued under the repealed Acts did not expire on any uniform date, since the period of one or two years of validity of the certificates/licences, as the case may be, was to be reckoned with effect from the date of issue of such certificates/licences with the result that such applications where certificates and licences had expired first before the close of the licensing year, could not be disposed of immediately and were, therefore, pending.

(4) Most of the Moneylenders in the component parts were not aware of the legal consequences of their failure to comply with the provisions of the Bombay Moneylenders Act.

(5) A large number of applications received at the fag end of the licensing year was to be linked up with the past records, if any, obtained from the concerned authorities administering the former Acts.

(6) The new set-up of the Co-operative Department effected far reaching administrative changes in the District establishment of the Department and some time was, therefore, required for moulding the working of the Department in the changed set-up.

2. 1465 moneylenders holding valid licences and/or registration certificates did not apply for renewal of licences during the year 1961-62, more especially from Districts of Akola, Yeotmal, Bombay and Kolhapur. Enquiries are being made for ascertaining the reasons for reduction in the number of licences.

3. 27 moneylenders were refused licences under Sec. 8 of the Bombay Moneylenders Act and 17 moneylenders had preferred appeals under Sec. 8(3) thereof during the year under report.

4. The following are some of the salient features of administration of the Bombay Moneylenders Act during the year under report.

(i) During the year 1961-62, no suits were stayed by the Courts under section 10 of the Act.

(ii) No application was filed in the Court under sections 30 and 31 of the Act.

5. Since the functional posts were done away with under the new set-up of the Department, the work of Inspectors of Moneylenders was distributed amongst one or more Co-operative Officers and Asstt. Co-operative Officers working in each District. It would, however, be rather premature to assess the overall effect of the delegation of powers under Sec. 13-A of the Act to the Co-operative and Asstt. Co-operative Officers, at this stage.

Complaints:

6. During the year under report the Co-operative Officers attended or enquired into 391 complaints including those received prior to 1st August 1961 and contacted 1148 debtors for collecting evidence with a view to bringing the moneylenders concerned to book for contraventions of the provisions of the Bombay Moneylenders Act.

7. A review of the figures of complaints received by the Asstt. Registrars and Registrars from the public discloses that the public have now been alive to their responsibilities under the Act and are keen to avail of the beneficial provisions under the Act. The periodical visits by the field staff, as well as surprise check of accounts of moneylenders, have helped to check, if not altogether stop, the illegal activities of the moneylenders to an appreciable extent.

8. Prior to amalgamation of the Moneylenders wing with the co-operative section (proper), the Inspectors of Moneylenders were required to tour for 18 days in a month on an average. No such minima could be prescribed in the new set-up as the functional posts were since abolished and the Co-operative Officers and the Asstt. Co-operative Officers in each District were in addition to the work pertaining to co-operatives entrusted with that relating to control and regulation of private moneylending business. The Co-operative Officers/Asstt. Co-operative Officers after reorganisation were also required to attend Courts in connection with the prosecution cases launched against moneylenders in their respective jurisdiction. They attended Courts for 187 days during the year in question. The Co-operative Officers in Bombay City and B. S. D. alone attended Courts for 102 days during the year under report.

9. The Co-operative Officers are also required to keep a constant periodical watch at the Factories or Mills on pay days to prevent harassment of debtors by unscrupulous moneylenders like Pathans and others. This work is confined to big cities like Bombay, Nagpur, Poona, Sholapur, Jalgaon and Amraoti, where there is a heavy concentration of big Factories and Mills. 139 instances of illicit moneylending business were detected by the field staff of the Moneylenders Administration while keeping watch as aforesaid while 3 cases of this nature were detected by the Police, during the year under report.

Rate of Interest:

10. The ceilings on the rates of interest viz. 9 per cent per annum on secured loans and 12 per cent per annum on unsecured loans chargeable by private moneylenders continued to be in force during the year under report. Under the Act, a moneylender is permitted to levy a charge of Re. 1 if the total amount of interest chargeable according to the prescribed rate in respect of all the loans advanced to a debtor during a year is less than a rupee.

11. The Moneylenders from Vidarbha area as well as from Bombay City clamoured for an upward revision in the rates of interest. However, Government did not consider it necessary to raise the rates of interest referred to above during the period in question.

Maintenance of Accounts:

12. The provisions of the Act and Rules thereunder enjoin on a licensed moneylender to maintain his accounts in the prescribed forms and to issue loan statements, acknowledgements for cash payments from debtors, plain and complete receipts for articles pawned or pledged as security as also annual statement of accounts.

13. Section 35-C of the Bombay Moneylenders Act provides for composition of technical and/or minor offences viz. those under sections 18 and 19 thereof by the Registrars of Moneylenders concerned. It has since been experienced that this provision enabled the Registrar of Moneylenders to speed up disposal of cases of such contravention and thus eliminate delays involved in the collection of evidence for launching prosecutions

Amendment to the Act:

14. No amendments to the Bombay Moneylenders Act and Rules thereunder were made during the period under report.

Transactions of Moneylenders:

15. The licensed moneylenders, not exempted under Sec. 22 of the Act, advanced loans to the tune of Rs. 17,50,89,940, out of which Rs. 6,35,95,447 were advanced to traders while Rs. 11,14,94,493 to non-traders. The licensed moneylenders, exempted under section 22 of the Act, also advanced loans to the extent of Rs. 15,41,33,439 out of which Rs. 14,91,92,480 were advanced to traders and Rs. 49,40,959, to non-traders. Thus the private moneylenders holding valid licences advanced Rs. 32,92,23,379 to needy borrowers during the year under report as against Rs. 42·15 crores advanced by the co-operative sector during the same period.

It may not be out of place to advert here to the fact that the all India Rural Credit Survey Report had originally estimated the total annual credit requirements of agriculturists at the rate of Rs. 130 crores in the erstwhile Bombay State in the year 1955, of which not

more than Rs. 15 crores were met by the Co-operative Sector and the rest by the private moneylenders which worked out to a little more than 11 per cent by the Co-operative Sector and 89 per cent by the private sector. The picture appears to have changed appreciably now.

Tagavi Loans:

16. Tagavi loans advanced by Government during 1961-62 were of the order of Rs. 3,43,25,482 out of which Rs. 82,74,297 were for construction of wells etc. Rs. 80,77,263 for land improvement and Rs. 1,79,73,922 under the Agricultural Loans Act.

Thus it would be seen from the above statistical data that the private moneylenders continued to play an important role in the rural credit structure of the State.

Prosecutions:

17. There were 188 cases pending at the beginning of the year and 190 fresh cases were launched during the year under report. Thus out of the total of 378 cases, 233 were decided during the said year of which 179 cases ended in conviction and 54 cases in acquittal, leaving a balance of 145 cases pending with the various Courts. The total amount of fine realised during the year under report amounted to Rs. 4,876.

Special Measures for Protection of Backward class People:

18. The problem of indebtedness among the Backward Class people in rural areas of the State has been receiving serious attention at the hands of Government. During the period under report, all the complaints which were received from the Backward class people against the moneylenders were attended to promptly and necessary enquiries made therein. With a view to giving protection to the debtors belonging to Backward Classes, instructions were issued to all the District officers to see that accounts of moneylenders were checked very carefully, more particularly their transactions with Adivasi and other Backward Class debtors and to take suitable action under the law, wherever necessary. Instructions were also issued directing the field officers to pay regular visits to places declared as scheduled areas.

Visits under Section 13-A of the Act and Inspection of Accounts by the Field Officers:

19. During the year under report, the Co-operative Officers, Asstt. Co-operative Officers and Asstt. Registrars of Moneylenders paid 2,223 and 361 visits respectively to the business premises of moneylenders under section 13-A of the Act.

20. The marginally noted details regarding the number of accounts of moneylenders inspected by the Co-operative Officers, Asstt. Registrars of Moneylenders and Registrars of Moneylenders will show that the work of inspection of accounts was properly attended to during the year under report.

Accounts Inspected by	*No.*
1. Co-operative Officers	7,358
2. Asstt. Registrars of Moneylenders	3,142
3. Registrars of Moneylenders	277

21. The offence of doing moneylending business without a licence was already made a cognizable one. Complaints regarding illicit moneylending business were received in some cases by the police authorities who filed 41 cases against moneylenders in various Courts during the year under report. Out of these 41 cases, 33 cases were decided by Courts of which 18 cases ended in conviction and 15 in acquittal, leading a balance of 8 cases pending in Court as at the end of the year under report. Further, there were 38 complaints pending investigation with the Police as on 31st July 1962.

Inspection of the Offices of Registrars of Moneylenders:

22. The Registrar General of Moneylenders inspected the marginally noted office during the year under report, with a view to ensuring that the checks prescribed under the Act and Rules thereunder as also Government orders were being properly exercised by the moneylenders. The difficulties experienced by the staff in implementation of the Act were also solved by the Registrar General of Moneylenders personally during his inspection.

Registrar of Moneylenders, Yeotmal.

CHAPTER—III

General Review of the Working of the Act

The administration of the Bombay Moneylenders Act since its inception has met with several vicissitudes. Broadly speaking the said period can be divided into three phases viz.

(i) The period prior to the issue of the recommendations of the All India Rural Credit Survey i. e. from 1948 to 1957, (ii) the period from 1957 to 1960, when the administrative organisation for the implementation of the Bombay Moneylenders Act was reorganised in consequence of the above recommendations and special staff exclusively for implementation of the Bombay Moneylenders Act, was provided and (iii) after 1961 when the Co-operative Department as a whole was reorganised and the work of control and regulation of this Act was entrusted to the staff working in all the wings of the Co-operative Department.

2. During the first two stages, efforts were made to stabilise administration of the Act and to train the staff who had to be made fully aware of the various evasive practices of the unsocial elements. Efforts were also made to inculcate in the moneylenders the discipline envisaged under the Act and the Rules thereunder. The debtors were made fully aware of their rights and duties and educated to co-operate with the administrative machinery. The moneylenders were, therefore, gradually getting reconciled to the discipline enjoined under the Act.

3. In fact, this is the second year of the administration of the Bombay Moneylenders Act and Rules having been entrusted to the staff working in all the wings of the Co-operative Department. It was expected that better results would be achieved, as the field staff of the Co-operative Department is required to move in the interior parts of the State for attending to the work of other wings of the Department and as such is in close touch with the illiterate people in the rural areas. It was, however, noticed that the special knowledge required for tactful handling of moneylenders, inspection of their accounts and for

collecting documentary and oral evidence so as to bring them to book, was not found in the field staff to the desired extent. Efforts were made to arrange for an equitable distribution of the trained staff to all the Districts in the State. This measure, however, proved by and large inadequate, due to paucity of the said staff.

4. These changes in the set-up of the Co-operative Department have to an appreciable extent adversely affected the administration of the Bombay Moneylenders Act. The number of visits under section 13-A paid by the field staff was either inadequate or unfruitful. The inspection of accounts of moneylenders was not as thorough as it was in the old set-up. Consequently the detection of illicit moneylending business has suffered materially. The initiative for conducting enquiries into cases so as to bring out the requisite data for establishing contraventions is still to be developed in the rank and file. The basic approach of an officer exercising powers under the Bombay Moneylenders Act is that of an investigating officer and not of an officer persuading the people to form a Co-operative Society. The task is particularly more difficult when a co-operator himself indulges in illicit moneylending business. It will take some time for the officers to play the full-fledged role of an Investigator as well as a propagandist of co-operative principles in one and the same breath. Efforts were, however, made to apprise all the officers of the Co-operative Department of their role under the Bombay Moneylenders Act by issue of circulars. Personal discussions with the officers on the subject in the officers' conference held in September, 1961 also proved to be of some utility. However, much remains to be done and efforts are being made to ensure that the business of moneylending in the State is properly regulated and the scope of xploitation of needy borrowers by unscrupulous moneylenders is reduced to the minimum as early as possible.

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